

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 EB-07 PM-04 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 DODE-00 MC-02 ACDA-07 OMB-01 TRSE-00

AID-05 IGA-02 /067 R

DRAFTED BY EA/PHL:RJWILLNER/ASWIFT

APPROVED BY EA/PHL:BAFLECK

DOD/ISA - KBLEAHLEY

DOD/DSAA - CJAMESON

EB/OMA - BCROWE

PM - MR. NOTARGIACOMO

----- 119259

P R 162353Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

INFO CINCPAC HONOLULU HI

C O N F I D E N T I A L STATE 093318

E.O. 11652: GDS

TAGS: MASS, RP

SUBJECT: AFP ARREARAGES

REF: MANILA 4654

1. DEPT. OF DEFENSE HAS RECEIVED FOLLOWING LETTER FROM
HEADQUARTERS PHILIPPINE AIR FORCE, DATED APRIL 1, 1976:

QUOTE:

(1) WITH REFERENCE TO USAF STATEMENT NO 76-01 DATED
2 MARCH 1976 AND THE US ARMY BILLING ON FMS CASES FOR
FOREIGN MILITARY SALES TRANSACTIONS OF THE PHILIPPINE
AIR FORCE. REQUEST BE ADVISED THAT OUT OF THE DOLLARS
3.993M STATED ACCOUNTS PAYABLE. THIS COMMAND SHALL PAY
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WITHIN THREE (3) WEEKS DOLLARS 1.5 M. WHATEVER BALANCE

AND ADDITIONS HERETO SHALL BE PAID NOT LATER THAN DECEMBER 1976.

(2) IN ORDER TO AVERT DRASTIC INCREASE OF THE PAST DUE ACCOUNT, THIS COMMAND FURTHER REQUESTS TEMPORARY SUSPENSION OF DELIVERIES OF ITEMS TO THE FREIGHT FORWARDER CONTRACTED BY THE ARMED FORCES OF THE PHILIPPINES EXCEPT ITEMS WHICH ARE VITAL TO THE OPERATIONS OF THE PAF. THESE SHALL BE COMMUNICATED WITH YOU ON A CASE TO CASE BASIS.

FOR THE COMMANDING GENERAL:

NORBERTO C. SANTOS
COLONEL, PAF, (GSC)
AIR ADJUTANT

END QUOTE

2. WOULD APPRECIATE EMBASSY DISCUSSING ISSUE ONCE AGAIN WITH APPROPRIATE PHILIPPINE AUTHORITIES. YOU SHOULD MAKE IT CLEAR TO GOP THAT DECEMBER 1976 IS NOT ACCEPTABLE AS FINAL PAYMENT DATE. DEPARTMENT IS NOW PREPARING REPORT FOR CONGRESS, DUE APRIL 30, ON USG CLAIMS AGAINST FOREIGN GOVERNMENTS WHICH ARE IN EXCESS OF 500,000 DOLLARS. IF PHILIPPINE AIR FORCE ARREARAGE NOT RESOLVED BY THAT DATE, IT COULD BECOME PUBLIC. LIKELIHOOD OF EXTENSIVE DELAYS IN ALL FURTHER USG CREDITS TO PHILIPPINES WOULD INEVITABLY RESULT.

3. AS REGARDS PROPOSAL FOR SUSPENSION OF DELIVERIES ON EXISTING CONTRACTS, THIS COULD ALSO PRESENT SERIOUS PROBLEMS. MAY REQUIRE REPROCUREMENT OF MATERIAL WITH ATTENDANT INCREASES IN COST DUE TO INFLATION, OR CHARGES TO GOP FOR REABSORPTION OF MATERIAL INTO USAF LOGISTIC SYSTEM.

4. UNDERSTAND PHILIPPINE EMBASSY WASHINGTON IS AGAIN CHECKING POSSIBILITY OF TRANSFERRING FUNDS ON DEPOSIT WITH US DEPT. OF ARMY TO PAY AIR FORCE ARREARAGES. THIS MAY OFFER QUICKEST WAY TO ALLEVIATE PROBLEM. HOWEVER, CONFIDENTIAL

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IN VIEW OF NON-RESPONSE SO FAR ACHIEVED THROUGH EMBASSY HERE, BELIEVE THAT FURTHER APPROACHES BY EMBASSY MANILA TO PHILIPPINE DEFENSE AND FINANCE DEPARTMENTS, EXPLORING THIS OR ALTERNATIVE SOLUTIONS, DESIRABLE IN ORDER TO KEEP ISSUE FROM CREATING REAL COMPLICATION IN RELATIONS GOING BEYOND SCOPE OF MILITARY ESTABLISHMENTS.
ROBINSON

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